

Message Text

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DEPT. PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: INDIA'S FOREIGN EXCHANGE RESERVE

REF: NEW DELHI 13279

SUMMARY: INDIA'S FOREIGN EXCHANGE RESERVES WERE \$1,381 MILLION AT END-AUGUST 1974 AND ARE ESTIMATED BY EMBASSY TO BE \$1,520 MILLION UNCLUDING USE OF FUND CREDIT TOTALING \$595 MILLION (237 MILLION OF WHICH IS AS OF NOVEMBER 1,1974.FROM THE OIL FACILITY) EEND SUMMARY.

1. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF AUGUST, 1974 SHOW RESERVE BANK OF INDIA (RBI) HOLDINGS OF:

A. FOREIGN EXCHANGE OF RS. 6.53 BILLION (805 MILLION BASED ON END-AUGUST DOLLAR-STERLING CROSS RATE IN LONDON MARKET OF RS. 8.11 EQUAL (\$1.00) AND

B. GOLD OF RS. 1.83 BILLION (289 MILLION AS MEASURED BY

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THE U.S. \$/SDR TRANSACTIONS VALUE ON THE BASIS OF THE "BASKET"

VALUATION OF THE SDR AT END-AUGUST). ACCORDING TO NOVEMBER 1974 INTERNATIONAL FINANCIAL STATISTICS (IFS), INDIA'S SDR HOLDINGS AT END-AUGUST WERE \$287 MILLION. TOTAL RESERVES AT END-AUGUST THUS TOTALLED \$1,381 MILLION.

2. ONLY INCOMPLETE DATA AVAILABLE PAST AUGUST. ACCORDING TO THE RBI'S WEEKLY BALANCE SHEET, THE RBI ON NOVEMBER 1, 1974 HAD FOREIGN EXCHANGE HOLDINGS OF RS. 7.57 BILLION (042 MILLION BASED ON DOLLAR-STERLING CROSS RATE IN LONDON ON NOVEMBER 1 OF RS. 8.04 EQUAL \$1.00). THIS FIGURE INCLUDES INDIA'S DRAWING OF SDR 200 MILLION FROM THE IMF'S OIL FACILITY IN OCTOBER (EQUIVALENT TO \$237 MILLION VALUED AT \$1.187 EQUALS SDR 1.00 AT END-SEPTEMBER ; MORE RECENT SDR/DOLLAR RATE NOT AVAILABLE IN DELHI).

3. INDIA'S GOLD HOLDINGS AS OF NOV. 1 CONTINUED TO BE LISTED AS RS. 1.83 BILLION. ASSUMING, AS SEEMS REASONABLE, THAT THERE WAS ONLY A SMALL CHANGE IN THE U.S. \$/SDR RATE SINCE END-AUGUST WHEN RS. 1.83 BILLION IN GOLD WAS EQUIVALENT TO \$289 MILLION, WE ESTIMATE THAT GOLD RESERVES ON NOVEMBER 1 WERE EQUIVALENT TO 290 MILLION.

4. HOLDINGS OF SDR'S WERE \$288 MILLION AT END-SEPTEMBER ACCORDING TO IFS. ASSUMING NO CHANGE IN THE NUMBER OF SDR'S HELD BY INDIA SINCE END-SEPTEMBER, THE DOLLAR VALUE OF INDIA'S SDR HOLDINGS ON NOV. 1 IS ASSUMED TO CONTINUE TO BE IN THE NEIGHBORHOOD OF 288 MILLION. TOTAL RESERVES AS OF NOV. 1, 1974 THEREFORE, ARE ESTIMATED BY EMBASSY AT \$1,520 MILLION.
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